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Johnson Backs CIA in Row on Use of Funds

Agrees With Report
That Agency Follows
Policies of Security

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President Johnson today came to the defense of the Central Intelligence Agency in the controversy over its secret financial support of some student and other private organizations.

The President agreed with a brief preliminary report from Undersecretary of State Nicholas deB. Katzenbach stressing that the CIA had acted in accordance with policies—established by the National Security Council in 1952 through 1954—that have been in effect under four presidents.

The report also stressed that the controversy over the CIA's support of certain private organizations should not be permitted to obscure the CIA's importance to the security of the country.

White House Press Secretary George Christian, in releasing Katzenbach's preliminary report to the President, said Johnson agrees with its conclusions. Christian added that he was making it public at the request of the President.

Three Named

Johnson last week named Katzenbach, Secretary of Health Education and Welfare John Gardner and CIA director Richard Helms to look into the whole range of issues raised by disclosure of CIA financial support of the National Student Association and other private organizations.

Katzenbach's preliminary report to Johnson was understood to be the result of a conversation with the President at a White House reception for several members of Congress Tuesday night.

The text of the letter from Katzenbach to the President

dated yesterday, follows:

"With respect to your inquiry of yesterday, I wish to assure you that Secretary Gardner, Mr. Helms and myself will be able to complete our inquiry into the relations of government agencies and private organizations operating abroad in the very near future. I anticipate that it will be possible to report our conclusions and recommendations early next month.

"Certain Basic Facts"

"In the interval there are certain basic facts with respect to past activities of the Central Intelligence Agency in this area which should be underscored.

"When the Central Intelligence Agency lent financial support to the work of certain American private organizations, it did not act on its own initiative but in accordance with national policies established by the National Security Council in 1952 through 1954. Throughout it acted with the approval of senior interdepartmental review committees, including the secretaries of State and Defense or their representatives. These policies have, therefore, been in effect under four presidents.

"The support provided by the

Central Intelligence Agency enabled many far-sighted and courageous Americans to serve their country in times of challenge and danger to the United States and the free world.

"Indispensable to Security"

"Furthermore, the Central Intelligence Agency has been, and continues to be, indispensable to the security of this nation. It is vitally important that the current controversy over its support of certain private organizations not be permitted to obscure the value, or impege the effectiveness, of competent and dedicated career officials serving this country."

The four presidents under whom the controversial support policies have been in effect, according to Katzenbach's report, are Harry Truman, Dwight D. Eisenhower, John F. Kennedy and Johnson.

The White House has refused so far to say whether Johnson was personally aware of the CIA activities in this field until shortly before the controversy came into the open.

The White House report on the preliminary findings came on the heels of a charge by Sen. Gaylord Nelson that the secret CIA subsidies, government wiretapping and the wide use of detective agencies showed a drift toward "police-state tactics" in America's free society.

Such practices are un-American, the Wisconsin Democrat said, and their worst feature is that "the victims are our own citizens and in many cases they are completely innocent of any wrongdoing."

Calls for Investigation

He called for a full congressional investigation of "this whole sordid business."

Meanwhile there were new disclosures of CIA support of private organizations.

United Press International said a trade union received secret CIA funds that apparently were used to help organize labor strikes in British Guiana in 1962 and 1963 when Marxist Dr. Cheddi Jagan was premier.

Robert Hastings, executive assistant to the president of the American Federation of State, County and Municipal Employees, said that up to \$60,000 a

year in CIA funds was channeled to the union through the Gotham Foundation from 1959 to 1964.

For some of that period, the union's leaders knew the source of the money and decided to use it anyway, he said.

Arnold Zander, former president of the federation, said earlier that the money went to Public Service International, a London-based labor organization which rented office space here from the federation.

According to Zander, Gotham paid the money directly to the small PSI staff here. He said he had approached a number of foundations seeking money to help organize labor unions and finance overseas activities, and that only Gotham responded.

The exposure of numerous such CIA "cover" foundations, meantime, caused a House panel to decide to reopen its investigation of the nation's foundations.

Rep. Joe L. Evins, D-Tenn., of the House Small Business Committee, said a subcommittee headed by Rep. Wright Patman, D-Tex., would look into the recent developments pertaining to CIA subsidizations through foundations.

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